

Retirement-claiming decisions: a survey

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For retired workers, it often makes good financial sense to delay filing for Social Security retirement benefits. Full retirement age (the age at which a claimant receives 100 percent of Social Security retired-worker benefits) for most Americans currently eligible for retired-worker benefits is 66. But these individuals have the option of filing as early as age 62, with a 25-percent reduction in benefits, or as late as age 70, with a 32-percent increase in benefits. So retirees filing at 70 could reasonably expect their first check to be about 75 percent greater than it would have been had they filed at 62 (not factoring in cost-of-living adjustments or the effect of income earned after age 62). Despite this financial incentive to delay filing, most people claim Social Security benefits at or before full retirement age rather than waiting until age 70. Why? This is the question addressed in a recent study by John B. Shoven, Sita Nataraj Slavov, and David A. Wise titled [“Social Security claiming decisions: survey evidence”](#) (National Bureau of Economic Research, working paper no. 23729, August 2017).

The authors posit a number of potential reasons for why people choose to file for benefits before age 70:

- The immediate need for cash
- The perception that filing at full retirement age is a social norm encouraged by government
- A belief that one will not live long enough to benefit from delayed filing
- Lack of knowledge about the benefits of delaying filing
- Concerns about changes to the system as legislators work to ensure the Social Security program remains solvent

To get a better understanding of what actually drives retirees' filing decisions, the authors conducted a national survey of 1,116 people ages 55 and older.

Respondents were questioned on their financial literacy, knowledge of the Social Security program, general feelings about their health, and their age when they stopped working. Those who already were claiming benefits were asked their age at time of filing, how long after retirement they filed, and how satisfied they were with the timing of their decision to file.

The results of the survey suggest that work status is the most influential factor in the decision to claim retirement benefits. For respondents who claimed before full retirement age, the most popular reason was “I had stopped working” (38.4 percent). For both respondents who waited 6 months or more after retirement age to file and respondents who were 62 and older but had not yet filed, the most popular reason was “I was/am still working” (46.1 percent and 65.3 percent, respectively).

A key finding from the study is that many claimants see filing at full retirement age to be a social norm. Among the respondents who filed within 6 months of age 66, the most popular reason given was “It seemed natural to start my benefit at my full retirement age” (45.7 percent). Nearly 1 in 5 answered, “I wanted to avoid getting a reduced benefit” (notwithstanding the fact that such claimants were getting a reduced benefit compared with what they would have received had they put off filing). Interestingly, those who filed at full retirement were more satisfied with the timing of their claim than both those who filed early and those who delayed, although those who delayed showed much greater satisfaction than those who filed early.

These findings have the potential to help inform policymakers concerned about how and when retirees file for benefits.